



AFFORDABLE HOUSING NETWORK
of Santa Clara County

P.O. Box 5313
San Jose, California 95150
Phone: (408) 265-1554
FAX: (408) 356-9366

March 5, 2005

Joint Policy Committee
Joseph P. Bort MetroCenter
101 8th Street
Oakland, CA 94607

Dear Joint Policy Committee Members:

The Affordable Housing Network supports the MTC & Joint Policy Committee's steps toward connecting land use to transit. However we urge you to strengthen the policy by adopting the Livable Communities Platform.

In Santa Clara County there is a housing crisis. Research shows there is a shortage of 210,000 to 215,000 housing units affordable to low income families. (2005 Income Limits from HUD for San Jose for Extremely Low Income is \$22,300 for one person up to \$31,850 for four persons.) This income group uses public transit the most.

The Affordable Housing Network urges you to adopt the Livable Communities Platform as part of a Regional Transit Oriented Development Policy. Before MTC funds transit expansion projects, cities should have to

- Plan for a high threshold of housing along corridors, separate from a jobs threshold

- Promote affordable housing in station areas

- Create station area plans that include:

 - Studies that analyze minimizing the space dedicated to parking

 - Bicycle and pedestrian plans for safe routes to and within station areas and

 - Blocks no more than 500 feet in length to ensure walkability.

Thank you for your consideration,

Sincerely ,

Phyllis Ward
President

Enclosure; AHN Pamphlet #1

AFFORDABLE HOUSING: *Moving to Solutions*

A Series of Pamphlets Published by the Affordable Housing Network of Santa Clara County

Issue No. 1 January 2005

Moving to Solutions is a series of pamphlets published by the Affordable Housing Network of Santa Clara County in the interest of encouraging a wider discussion and a more penetrating look at the causes and effects of our housing crisis, and at the question of how to build a stronger constituency for actually solving the housing crisis.

We do not presume to offer answers or magic bullets, but rather to present ideas and questions for discussion.

We hope you will find these pamphlets interesting and that you will join us in discussing the questions that they raise. Also, we welcome any corrections you can make to any errors or omissions in these pamphlets. Please see the back page for our meeting schedule and our contact information.

The main focus of each pamphlet in this series will be:

No. 1: What is the need for affordable housing in Santa Clara County

No. 2: What is the history of local struggle for affordable housing?

No. 3: What is the history of national struggle for affordable housing?

No. 4: What types of housing programs go beyond what we have been able to accomplish in the past and move us towards solutions to the housing crisis?

No. 5: What type of housing constituency must we build?

HOW MUCH AFFORDABLE HOUSING DO WE REALLY NEED?

Silicon Valley counts in the tens of thousands the number of supporters of affordable housing living or working in the area. Organizations as large as the South Bay Central Labor Council, the Silicon Valley Manufacturing Group, and the Santa Clara County Council of Churches – together with countless smaller groups and many individuals – have recognized that the continuing shortage of affordable housing is hurting our economy and damaging our quality of life. These many groups have regularly urged local city councils and higher levels of government to help fill the gap between the need and the availability of affordable housing for much of the area's workforce.

Housing supporters have plenty of evidence to support their cause. They can point to excessive outlays for housing (defined by the government as more than thirty percent of family income) forcing low income families to turn to charity and publicly financed assistance for non-housing needs. They can point to families living doubled-up in overcrowded homes and to adult children pressed by exorbitant housing costs to leave the area or to move back to their parental homes. The growing number of homeless are visible to all on our city streets.

Supporters of affordable housing have pressed local governments to provide subsidies which have made possible the production of a steadily increasing number of affordable units (but always with the least assistance to the group that needs it most: extremely low-income families). But, because need grows faster than assistance, in spite of this increased production of affordable housing, the community falls steadily behind. Now, the intensified assault on the social safety net by the Bush Administration critically aggravates what was already a desperate situation.

This situation calls for a new approach for the whole body of housing supporters. More unified, consistent, and persistent action is needed. This action must be guided by an examination of the causes and effects of the housing crisis and by a broader and more consistent exchange of information, experience, and views among housing groups and individuals.

In the interest of encouraging a wider discussion and a more penetrating look at the causes and effects of the housing crisis, we in the Affordable Housing Network begin with this document a series of brief pamphlets. We hope you and your organization will help us correct any errors or omissions in these pamphlets and will discuss with us your thinking on how we can build a bigger, more effective housing constituency. We do not offer "answers," but rather present some ideas and especially questions, along the following general lines:

- What are the area's real housing needs and to what extent are they being met?
- What have been effective strategies in meeting needs, locally and nationally?
- How do we build a bigger, more effective housing constituency?
- How do we link housing issues to related issues?
- What are existing proposals for more basic approaches to the housing crisis?
- How can we convince people that low-cost housing is a benefit to everyone?

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Most local government approaches to the crisis have followed a "resource-based" strategy. That is, they ask the questions: how much money do we have? and how should we spend what we have? In contrast, we in the Network and others believe that effective approaches to solving the housing crisis must be based on "needs-based" strategies, which ask the questions: what is the need? what is required to fill the need? how do we plan to get these programs? (An example of this strategy is the city's planning approach to bring Bart to San Jose.) In any case, any assessment of the housing crisis in this area must begin with a realistic examination of the Question: What is the real need?

HOUSING NEED IN SANTA CLARA COUNTY

Based largely on US Census data, we in the Affordable Housing Network estimate that in the year 2000, our county had a shortage of 210,200 to 215,000 housing units affordable to low income households.¹ This means that up to 215,000 individuals and/or families were forced to spend more than 30% of their income for housing, were forced to live "doubled-up" in someone else's home, were forced to commute to low-pay jobs from far outside the county, or – worst of all – were forced to sleep on the street or in a homeless shelter.

A systemic problem

Our shortage of affordable housing is not a temporary or one-time phenomena. It has grown steadily since the 1960's and continues to grow despite the construction of several thousand low income housing units during the 1990's and despite the lowering of some rents during the current recession.

This shortage is the result of federal policies that provide far greater housing subsidies to upper income households than to lower income households,² of state policies that make it difficult for cities to fund residential services, and of local policies that have often restricted the amount and type of housing that can be built. These policies reflect the influence of large segments of the real estate, banking, and home construction industries that have historically embraced racist redlining, and have been opposed to housing programs that they feel compete with the private sector or interfere with their ability to maximize profits. The result of these policies is that housing production in our county has not kept pace with job growth, rents in private sector apartments have risen many times faster than incomes, and the construction of subsidized permanently-affordable housing has come no where close to meeting the need.

In 1960, Santa Clara County had approximately 200,000 jobs. In 2000, the County had almost a million jobs, five times as many as in 1960.³ Yet, in 2000, Santa Clara County had only three times as many housing units as it had in 1960. Had local governments allowed or required that the growth of housing keep pace with jobs, we would have an additional 186,000

housing units in the county today.⁴ (This number takes into account the fact that the number of jobs per household increased from 1.15 in 1960 to 1.49 in the year 2000.) This balance of supply and demand, while by no means guaranteeing fair and reasonable rents, would have reduced the pressure on prices, as well as reduced traffic congestion, smog, and energy consumption.

In 1960, Santa Clara County had 10,694 extremely low-income (ELI) renter households and approximately 5,232 units with gross rents these households could have afforded.⁵ This was only .49 ELI rental units for each ELI renter household. By 1980, the situation had deteriorated even further to only .36 ELI rental units for each ELI renter household.⁶ By the year 2000, conditions had improved slightly to .44 ELI rental units for each ELI renter household (still fewer units per household than there were in 1960).⁷

The figures in the preceding paragraph follow the standard practice of assuming that all ELI households earn the maximum ELI income and could, therefore, have afforded any ELI rental unit. Using this typical broad brush approach, it appears that conditions did not change significantly between 1960 (.49 units per household) and 2000 (.44 units per household). However, looking at housing affordability relative to the minimum wage tells quite a different story.

In 1960, households with incomes equal to that of one full-time minimum wage worker would have been able to afford \$52 per month for gross rent. In 1960, there were 10,246 such households and 5,233 rental units they could have afforded.⁸ This works out to .51 affordable units for each minimum wage household. By 1980, that number had fallen to .31 affordable units per household⁹ and, by 2000, to .29 affordable units per household.¹⁰

Now let's look at the situation of households with incomes equal to twice the minimum wage. In 1960, there were 1.51 affordable units for each such household.¹¹ By 1980, there were only 1.13 affordable units for each such household,¹² and, by the year 2000, we had only .49 affordable units for each household earning twice the minimum wage.¹³ *In forty years we fell from 1.51 affordable units per household to .49!*

A similar pattern exists with the cost of owner-occupied housing. The median owner-occupied home value in 1960 was approximately 2.5 times the median household income.¹⁴ By 1980, the median owner-occupied home value was 4.6 times the median household income,¹⁵ and, by 2000, the median owner-occupied home value was up to six times the median household income.¹⁶

How do we measure the need for affordable housing today?

Our community should have affordable housing for all people who work or live here. While this sounds obvious, it is actually a much different measure of housing need than is currently applied by most local governments.

Most official measurements of the need for low income housing

Tenure Category	1999 Household Income			
	\$0 to \$19,999 (Approx. ELI)	\$20,000 to \$34,999 (Approx. VLI)	\$35,000 to \$49,999 (Approx. LI)	Total
Living out of the county: 1. Forced Commuters	18,000 ¹⁷	18,000 ¹⁷	20,000 ¹⁷	56,000
Living in the county: 1. Homeless	1,200 to 6,000 ¹⁸	0	0	1,200 to 6,000
2. Living doubled-up	26,000 ¹⁹	16,000 ¹⁹	8,000 ¹⁹	50,000
3. Renters paying more than 30% of household income for housing	28,000 ²⁰	26,000 ²⁰	18,000 ²⁰	72,000
4. Homeowners paying more than 30% of household income for housing	10,500 ²¹	9,500 ²¹	11,000 ²¹	31,000
Total Households	83,700 to 88,500	69,500	57,000	210,200 to 215,000
TABLE No. 1 – ELI, VLI, and LI Households Needing Affordable Housing in Santa Clara County in 2000				

only include the number of households who are paying more than 30% of their income for housing. This is a good start, but it excludes the housing needs of homeless families and individuals, of people who have been forced to live “doubled-up,” and of people who work in our county, but are forced to live far away.

There are currently no official estimates of housing need that include all of the categories listed above. Therefore, over the past year, members of the Network have analyzed the year 2000 Census and other documents in an effort to make up for this lack of basic information. Since our access to census data is limited to published information (e.g. we were not able to pay for special tabulations), we had to do a certain amount of inferring and interpolating to come up with numbers for some of the categories. Table 1 presents the result of our analysis.

With this analysis we in the Network are not saying that our housing crisis can only be solved by immediately building 200,000 new low-income housing units. Rather, we are saying that the magnitude of our housing crisis is much larger than is typically reported or discussed and can only be solved with programs that are large enough to truly make a difference.

Building from the bottom up

An important aspect of our county’s housing crisis is that the only income category with an absolute shortage of affordable

rental units is the ELI category. In 2000, Santa Clara County had 37,136 renter households with incomes less than \$20,000, but only 19,911 rental units they could have afforded. This is an absolute shortage of 17,225 units.

At the same time, there were 32,746 renter households with incomes between \$20,000 and \$35,000 (approximately the VLI category) and 39,603 units with rents they could theoretically have afforded; a potential surplus of 6,857 units. There were also 33,456 renter households with incomes between \$35,000 and \$50,000 (roughly the LI category) and 68,729 units they could afford; a potential surplus of 35,273 units.

Now, we know very well there was no surplus of VLI or LI rental housing in 2000. What may not be readily apparent, however, is that the absolute shortage of ELI rental housing is a significant cause of the shortage of VLI, LI, and moderate-income rental housing as well. ELI renter households that could not find affordable housing either had to leave the area or rent more expensive units. Each VLI or LI or moderate-income unit occupied by an ELI household created a shortage for that income category. The same is true of LI and moderate-income units occupied by VLI households. (The shortage of low-income rental housing was also caused by the fact that many ELI, VLI, and LI units were occupied by wealthier households. See Table 2 for the actual distribution of rental households to rental housing by income categories.)

The conclusion that we in the Network draw from this is that

Household Income Categories	Renter Households in Each Income Category	Number of Households in Units with Gross Rents Affordable to the Following Household Incomes:			
		\$0 to \$19,999	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 and above
\$0 to \$19,999	37,136	10,895	9,569	9,119	7,554
\$20,000 to \$34,999	32,746	3,187	9,997	11,293	8,269
\$35,000 to \$49,999	33,456	1,862	7,764	13,297	10,533
\$50,000 and above	123,135	3,968	12,273	35,020	71,874
Total	226,473	19,911	39,603	68,729	98,230

Table No. 2 – Distribution of Rental Housing in Santa Clara County
All figures are taken from the 2000 Census

every unit of ELI rental housing built has the potential to help several additional families by opening up units in the VLI, LI, and moderate-income categories. We understand that the rental housing market is too complex to say with certainty that every new ELI unit will be occupied by a family moving out of more expensive housing, but we strongly believe that making ELI housing our highest priority – building from the bottom up – is an essential strategy for solving our housing crisis. This is not a call to only build ELI rental units. The Network supports the goal of developing mixed income projects, but we oppose sacrificing ELI units to make funds available to increase the production of VLI and LI units.

We mentioned at the beginning of this pamphlet that the shortage of low-income housing has grown despite the construction of thousands of subsidized housing units over the last ten years. The City of San Jose alone has contributed to the construction of more than 6,000 low-income units since 1999. Why, then, have we continued to fall so far behind the growing need?

Past efforts

The primary reason we have fallen behind is that our local housing programs have been so small that they have not been able to keep pace with affordable units lost to rent increases, let alone with the need for low-income housing caused by job growth. Almost without exception, local governments have developed housing programs from the perspective of finding the best way to spend their limited money. While this, in and of itself, is a worthy goal, and while many cities have done a

good job of stretching their limited resources, it has not gone far enough.

While the County Board of Supervisors and several cities deserve credit for supporting Proposition 47 and the local Housing Trust Fund, and while the County Collaborative on Affordable Housing and Homelessness deserves credit for working to increase the flow of federal housing money into our county, none of these efforts has been aimed at winning the types of federal programs required to meet the growing need. Some people have argued that nothing can be done so long as the Republicans control Washington, but this argument is self-defeating and does not square with the fact that nothing was done in this regard during the eight years of the Clinton Administration.

A second reason that we have fallen so far behind is that most of the low-income units built over the last decade have been targeted for VLI and LI rather than ELI households.

A third problem has been the lack of a regional approach to the housing crisis. While most local politicians and many business leaders cite the lack of low-income housing as one of our county's biggest problems, we do not have any official county-wide estimate of the need for low-income housing and there have been few if any countywide discussions on how we might meet the need. To solve our housing crisis we need regional needs-based comprehensive planning and state and federal programs sized to match the problem. The second pamphlet in our series will discuss the types of political activity needed to build a constituency strong enough to win these programs.

Endnotes

1. See Table No. 1.
2. In FY 2004, the federal government spent \$119.36 billion on mortgage interest deductions and other tax benefits for home owners, but only \$37.36 billion for housing programs administered by HUD. Source: "Changing Priorities: The Federal Budget and Housing Assistance 1976 - 2005" (p. 6), published by the National Low-Income Housing Coalition in October 2004.
3. In 1980 and 2000, Santa Clara County had 610,494 and 999,519 jobs respectively. Source: "County Business Patterns 1980" and "County Business Patterns 2000", published by the US Department of Commerce. The volume for 1960 was missing from the SJ MLK Library, so we estimated the total number of jobs in 1960 based upon data in "County Business Patterns 1956" and "County Business Patterns 1962."
4. The following is the calculation of the additional number of housing units we would have had if housing growth had kept pace with job growth: In 1960, Santa Clara County had 198,728 housing units and 1.15 workers per unit for a total of 228,537 workers. However, the County only had 200,000 jobs, so there was housing for 14% more workers than there were jobs. In 2000, the County had 1 million jobs. If housing growth had kept pace with jobs growth we would have had housing for 1,140,000 workers (14% more workers than jobs). The County had 1.49 workers per household in 2000, therefore it would have taken 765,100 housing units to house 1,140,000 workers, however the County only had 579,329 housing units in 2000. Therefore, $765,100 - 579,329 = 185,771$ additional housing units.
5. Sources: US Census for 1960; Tables A-2 and A-3.
6. In 1980, the County had 33,877 ELI renter households and 12,032 ELI rental units. Sources: US Census for 1980; Tables A-2, A-4, and A-8.
7. In 2000, the County had 42,142 ELI renter households and 18,372 ELI rental units. Sources: US Census for 2000; Tables H73 and H62.
8. Sources: US Census for 1960; Tables A-2 and A-3.
9. In 1980, the County had 30,348 renter households with minimum wage incomes and 9,455 rental units with rents they could have afforded. Sources: US Census for 1980; Tables A-2, A-4, and A-8.
10. In 2000, the County had 21,547 renter households with minimum wage incomes and 6,432 rental units with rents they could have afforded. Sources: US Census for 2000; Tables H73 and H62.
11. In 1960, the County had 22,763 renter households with incomes equal to two full-time minimum wage jobs (\$1 per hour), and 34,351 rental units with rents they could have afforded. Sources: US Census for 1960; Tables A-2 and A-3.
12. In 1980, the County had 72,841 renter households with incomes equal to two full-time minimum wage jobs (\$3.10 per hour), and 82,554 rental units with rents they could have afforded. Sources: US Census for 1980; Tables A-2, A-4, and A-8.
13. In 2000, the County had 45,650 renter households with incomes equal to two full-time minimum wage jobs (\$5.57 per hour), and 20,456 rental units with rents they could have afforded. Sources: US Census for 2000; Tables H73 and H62.
14. In 1960, the median family income (the 1960 Census did not use "Household Income") in the County was \$6,949; the median value of owner-occupied housing units was \$17,100. Sources: US Census for 1960; Table 76 and Table A-1.
15. In 1980, the median household income in the County was \$23,369; the median value of owner-occupied housing units was \$107,600. Sources: US Census for 1960; Table A-1 and Table 244.
16. In 2000, the median household income in the county was \$74,335; the median value of owner-occupied housing units was \$446,400. Sources: US Census for 2000; Table P53 and Table DP-4.
17. In 2000, the County had 999,519 jobs. 727,915 of those jobs were filled by workers who lived in the County, 271,604 were filled by workers commuting from outside the County. We have assumed that two-thirds of those commuters would have preferred to live in the County: $.67 \times 271,604 = 181,975$. Approximately 10% of the workers in the county were ELI, 10% were LI, and 11% were LLI, we have assumed that the same percentages applied to the 181,975 commuters.
18. Based on a 1999 study of homelessness in San Jose.
19. Our estimate of the number of families living doubled-up is based on extensive analysis of Census data of "Households by Numbers of Sub-families" and "Household Type by Relationship." Please contact us for more information.
20. Source: US Census for 2000; Table H-73.
21. Source: US Census for 2000; Table H-97.

What is the Affordable Housing Network of Santa Clara County?

The Affordable Housing Network's purpose is to preserve and expand the supply of housing affordable to low income people in our County through a program of education, empowerment, coordination and support. The Network educates the general public and public officials about the need for affordable housing, its true face today, and opportunities and strategies for providing such housing. The Network also seeks to empower low income people to advocate effectively for their housing needs, and supports public and private efforts, especially those of nonprofit developers, to meet those needs. The Network is a 501 (c) (3) corporation; contributions are tax deductible.

Meetings: Our regular meetings are held at 5:30 p.m. on the first Wednesday of each month in **Room 134** of the **Sheriff's Building** at **55 West Younger** (corner of N. First and Younger), San Jose, and are open to all interested parties. We welcome you to join us.

Contact Information: If you would like to contact us, you may write to us at P.O. Box 5313, San Jose, CA 95150, or send an e-mail to ronjjj@pacbell.net.



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